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U.S. DEPARTMENT OF COMMERCE
Area Redevelopment Administration

the Cost of Geographic Mobility

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U.S. DEPARTMENT OF COMMERCE
Area Redevelopment Administration

the Cost of Geographic Mobility



U.S. DEPARTMENT OF COMMERCE

Luther H. Hodges, *Secretary*

AREA REDEVELOPMENT ADMINISTRATION

William L. Batt, Jr., *Administrator*

April 1964

FOREWORD

This is one of a series of papers devoted to research on area redevelopment conducted under the economic and social research program of the Economic Analysis Division, Office of Planning and Research, by authority of Section 27 of The Area Redevelopment Act of 1961 (PL 87-27). This publication is directed at State and local development groups, social scientists, and regional research groups. It joins the series of useful informational and educational materials published by ARA.

This special report on geographic mobility was prepared under contract for the Area Redevelopment Administration, by John B. Lansing and Nancy Barth, of the staff of the Survey Research Center of the University of Michigan. It is based on a comprehensive study of the "Geographic Mobility of Labor" which was jointly sponsored by the U. S. Department of Commerce, Area Redevelopment Administration; U. S. Department of Health, Education and Welfare, Social Security Administration; and U. S. Department of Labor, Bureau of Employment Security. The conclusions of this report are those of the authors.

William L. Batt, Jr., *Administrator*
Area Redevelopment Administration

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INTRODUCTION

This report is concerned with the cost of moving from one labor market area to another. Labor market area boundaries defined by the Department of Labor have been used. For those parts of the country where labor market areas are not designated, county boundaries are used. Estimates are presented of the average cost of moves between labor areas, thus defined, and of the differences in cost from one type of move to another. The question is also raised of the extent to which cost is a barrier to moving and whether it might be sound public policy to reduce this barrier.

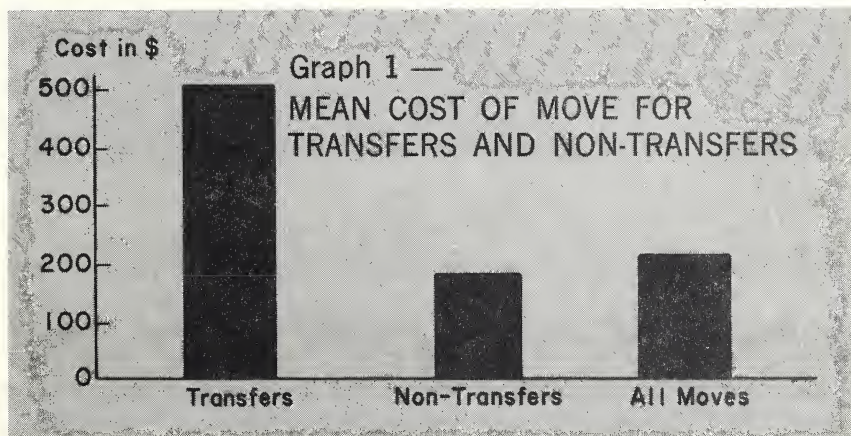
The statistics which are presented are based on people's reports concerning the expense of their most recent moves across labor market area boundaries. Only moves within the five years prior to the interview are covered, and if a family moved repeatedly within this period only the cost of the most recent move was asked. The interviews were taken in three cross-sections of the general population of the country in August 1962, November 1962, and November 1963. Altogether there were 637 such moves reported, including 113 transfers and 524 moves which were not transfers. Cost data are available for 89 of the transfers and up to 495 non-transfers. The lack of complete data on the cost of some transfers arises partly because people may not know the amount of moving expenses paid directly by their employers. With regard to non-transfers unavailability of cost data results from the fact that the move may have occurred several years ago, and the people have forgotten what the cost was. In using the data in this report it should be kept in mind that there well may be memory error in the reports people did make. The data are also subject to sampling error. All percentages and arithmetic means reported should be understood to be approximations.

THE TOTAL COST OF MOVING

What is the cost of moving between labor market areas? Taking the total amount which people report as the cost of moving their belongings plus the cost of their own transportation, the average (mean) cost is about \$225. That average applies to all moves across labor market area lines, lumping together moves which on closer examination seem diverse.

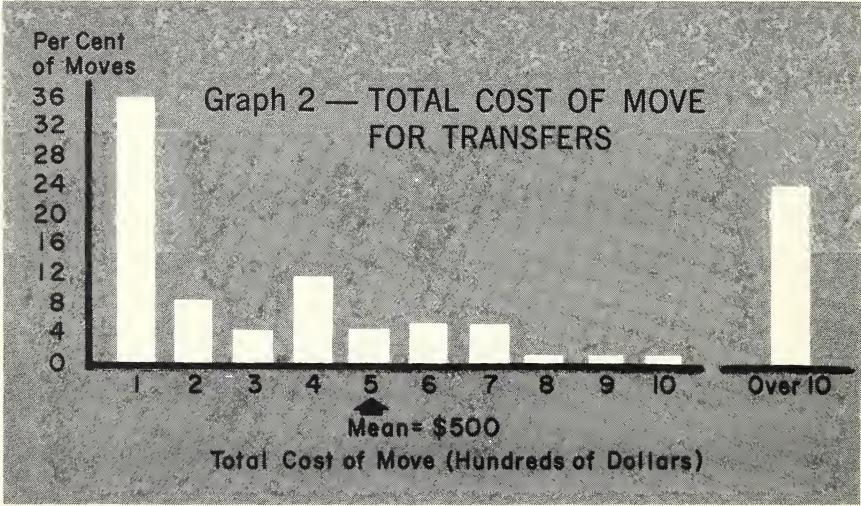
About 18 percent of the moves are transfers, which are frequently paid for by employers if made at their initiative. The average cost of transfers is \$500; when transfers are excluded the average cost of all other moves falls from \$225 to \$180. These results are shown in Graph 1.

The average cost of moving is a useful summary statistic, but it costs most people less than the average to move while it costs a few people



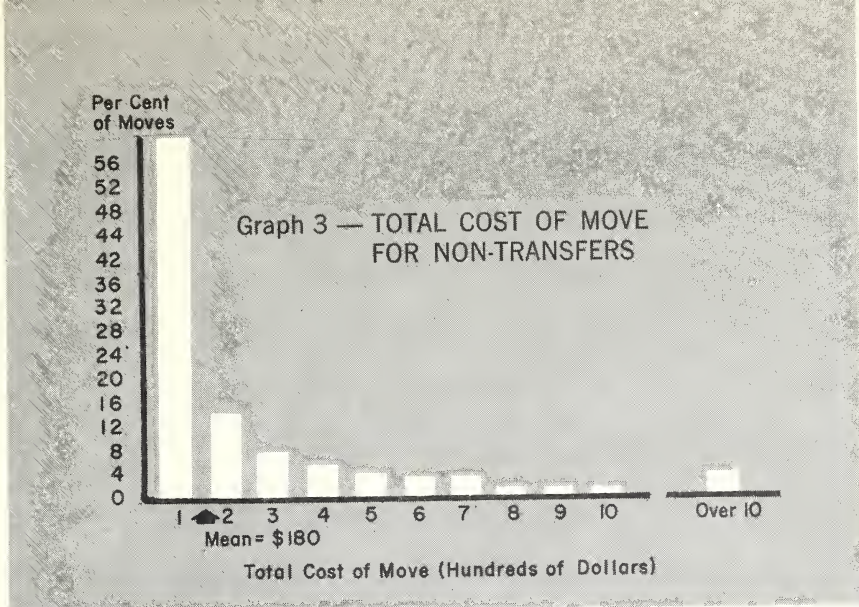
much more. The distribution of the total cost of moving is shown in Graph 2 for transfers and Graph 3 for non-transfers. The actual statistics are as follows:

<i>Total Cost of the Move</i>	<i>Percent of Transfers</i>	<i>Percent of Non-Transfers</i>
Under \$50	30	45
\$50-99	6	15
\$100-199	8	14
\$200-299	4	7
\$300-399	11	5
\$400-499	4	3
\$500-749	12	6
\$750-999	1	2
\$1000 or more	24	3
	<hr/>	<hr/>
<i>Total</i>	100	100



About one transfer out of four (24 percent) costs \$1000 or more, but only a very few non-transfers (3 percent) are so expensive. Forty-five percent of the non-transfers cost less than \$50!

Moves also differ from each other in the distance covered, and one would expect the cost of a move to depend on the distance over which



people and goods are moved. The distribution of number of moves by distance is J-shaped, as is shown by Graph 4 and the following tabulation:

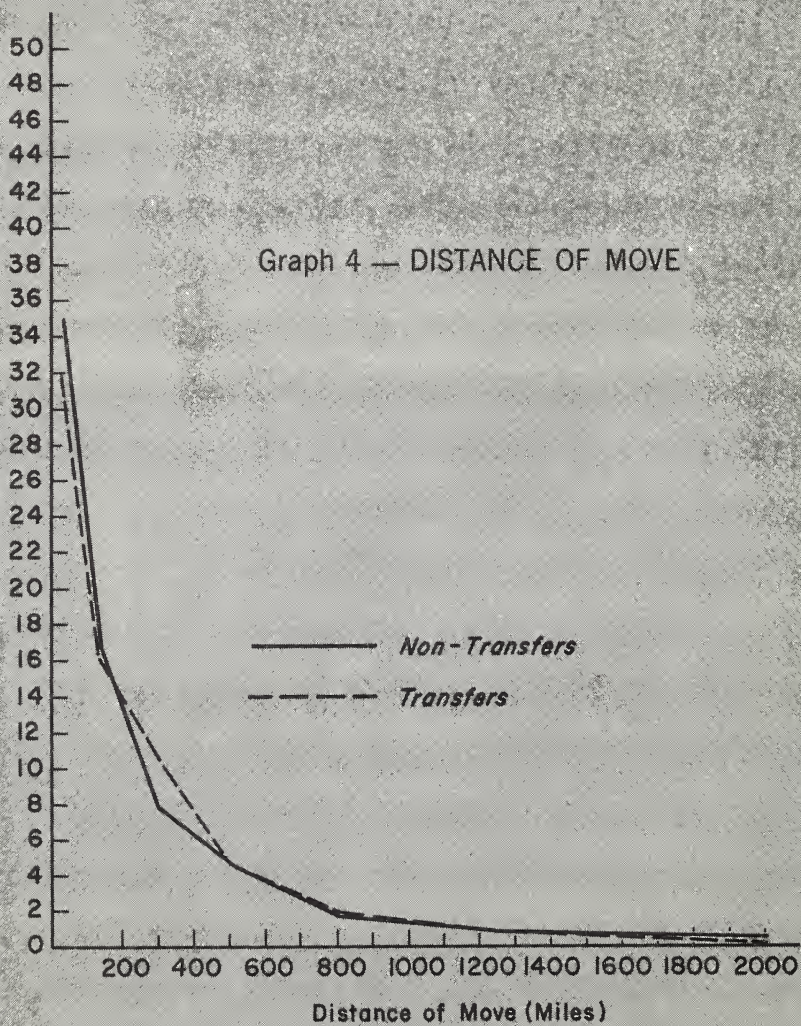
<i>Distance Moved (miles)</i>	<i>Percent of Transfers</i>	<i>Percent of Non-Transfers</i>
Less than 15	*	6
20-40	14	15
50-90	18	14
100-190	16	17
200-390	21	16
400-590	9	10
600-990	9	8
1000-1490	8	7
1500 or more	5	7
	<hr/>	<hr/>
<i>Total</i>	100	100

* Less than one-half of one percent.

There is little difference between the distribution of transfers by distance moved and the distribution of non-transfers. About one-third of all moves across labor market area boundaries are to places less than 100 miles away while about 22 percent are to places 600 miles or more away.

Since short moves tend to be less expensive, it may be useful to consider the distribution of the total cost of moves exclusive of very

Per Cent
of Moves



short moves. The following tabulation shows the comparison between the costs of all moves and the costs of moves of 50 miles or more, for transfers and non-transfers separately:

<i>Total Cost of Move</i>	<i>Percent of Transfers</i>		<i>Percent of Non-Transfers</i>	
	<i>All Distances</i>	<i>50 Miles or More</i>	<i>All Distances</i>	<i>50 Miles or More</i>
Under \$50	29	24	45	37
\$50-99	6	7	15	16
\$100-199	8	7	14	16
\$200-299	5	5	7	8
\$300-399	11	10	5	6
\$400-499	4	5	3	4
\$500-749	12	14	6	7
\$750-999	1	1	2	3
\$1000 or more	24	27	3	3
	—	—	—	—
<i>Total</i>	100	100	100	100

Omission of the moves under 50 miles makes less difference in the cost distribution than might have been expected. For example, of all transfers 29 percent cost under \$50, while of all transfers to places 50 miles or more away 24 percent cost under \$50. In subsequent tabulations, therefore, moves to all distances are included.

The total cost of moving depends to a large extent on the age of the head of the family. Age, of course, is not in itself a determinant of the cost of moving. Age of the head, rather, is probably an indirect measure of such variables as the total number of pounds of furniture and household possessions which a family has accumulated and willingness to undertake the physical labor of moving. The relation between age and cost of moving is summarized for non-transfers in the following tabulation:

<i>Total Cost</i>	<i>Percent of All Non-Transfers</i>	<i>Percent by Age of Family Head</i>		
		<i>18-24</i>	<i>25-54</i>	<i>55 and Over</i>
Under \$50	45	73	42	31
\$50-99	15	12	16	14
\$100-199	14	9	15	18
\$200 or more	26	6	27	37
	—	—	—	—
<i>Total</i>	100	100	100	100
<i>Number of moves</i>	485	81	331	73

Three out of four of the non-transfers under 25 moved for less than \$50. Only about 31 percent of those non-transfers 55 or over moved so cheaply.

The data do not permit a reliable comparison of the cost of moving for transfers of different ages since there are few transfers in the younger age group (only about 13 percent of transfers are under 25). The few observations which are available fall into about the same pattern by age groups as the data for non-transfers.

To know that a move cost a certain amount does not give any precise indication of how much of an economic burden the move was to the people involved. For this purpose one needs a measure of their financial resources. Taking family income as a measure of resources, the question is, how large are the moving expenses in relation to incomes? This question is relevant primarily for the non-transfers who always must meet their own moving costs.

The available measure of income is family income at the time of interview, that is, subsequent to the move. A working table was prepared showing the relation between total cost of move and family income. Using this table non-transfers could be divided into three groups: those for whom the cost of move was less than 10 percent of a year's income; those for whom it was between 10 percent and 30 percent; and those for whom it was over 30 percent. Suppose it is agreed that for the first group the cost is a light burden; for the second, a moderate burden; and for the third, a heavy burden. How many movers fall in each group?

<i>Burden of Moving Cost</i>	<i>Percent of All Moves Excluding Transfers</i>
Light (less than 10 percent of a year's income)	83
Moderate (10 percent to 30 percent of a year's income)	14
Heavy (30 percent of a year's income or more)	3
	—
	<i>Total</i> 100

For only 3 percent was the cost of moving a heavy financial burden, and for more than four out of five the cost of moving was a light burden by the standard proposed here.

THE COST OF MOVING BELONGINGS

Moving expenses consist of two parts, the cost of moving belongings and the cost of moving people. This section is concerned with the cost of moving belongings and the next section with the cost of moving people.

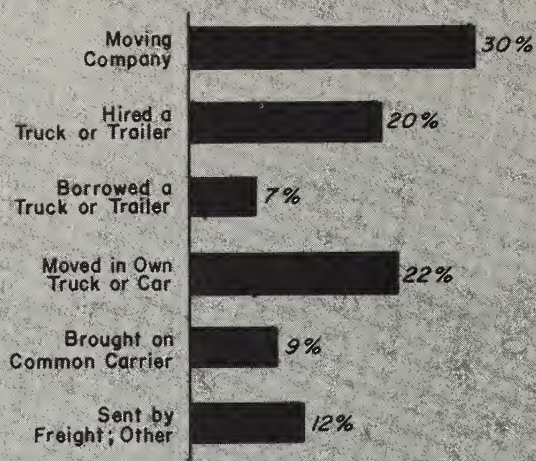
Of the two, the cost of moving belongings is usually the larger. In the following discussion attention will be centered on the movers who were not transfers since for transfers the data do not permit a split between cost of moving people and goods. The average cost of moving belongings for non-transfers was \$115 out of the total of \$180. For all non-transfers the cost of moving belongings is shown below:

<i>Cost of Moving Belongings</i>	<i>Percent of Non-Transfers</i>
Under \$50	63
\$50-99	10
\$100-199	8
\$200-299	4
\$300-399	5
\$400-499	3
\$500-749	4
\$750-999	1
\$1000 or more	2
	—
	<i>Total</i> 100

For almost three-fourths of these people (73 percent) the cost was under \$100.

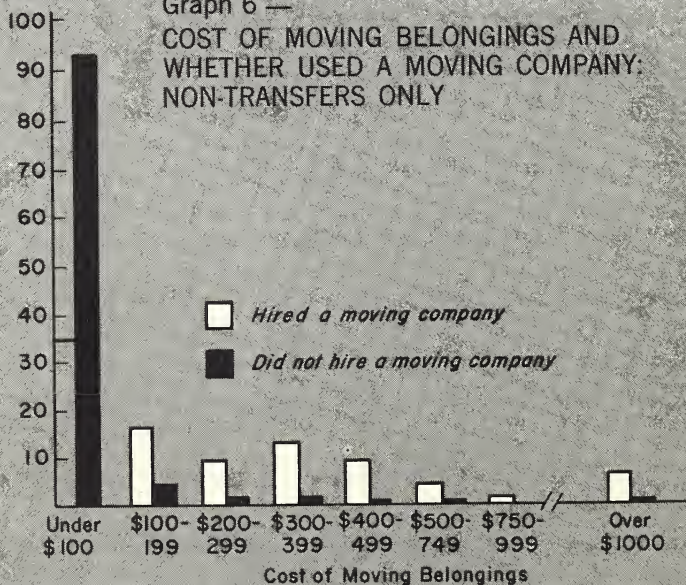
The low cost of those moves is at least partly explained by the methods of moving used. There are a variety of methods by which one's possessions can be transported. These methods range from hiring a moving company to do the job, to hiring a truck and moving yourself, to moving

Graph 5 — METHODS USED FOR MOVING BELONGINGS: NON-TRANSFERS ONLY



Per Cent
of Moves

Graph 6 —
COST OF MOVING BELONGINGS AND
WHETHER USED A MOVING COMPANY:
NON-TRANSFERS ONLY



only those possessions which can be brought along on a common carrier. This variety is demonstrated in Graph 5. Only 30 percent of the moves for which information was available involved the use of a professional moving company. The remaining 70 percent were divided as follows: 22 percent moved their goods in their own car or truck; 20 percent hired a truck or trailer; 9 percent brought only what could be checked through on a common carrier; 7 percent borrowed a truck or trailer; while 12 percent resorted to still other means, such as sending things by freight.

What is it that causes people to be so self-reliant in moving their possessions? Certainly some of these people have very little to move, perhaps just clothing, and it is not a great problem for them to do the moving on their own. The second main reason behind people's willingness "to do it themselves" is surely the smaller amount of money involved for a given move if one does the work instead of hiring it done. As shown below, the moving bill is much less for those who are able and willing to move themselves than for those who hire a moving company:

<i>Cost of Moving Belongings</i>	<i>Percent Hiring a Moving Company</i>	<i>Percent not Hiring a Moving Company</i>
Under \$50	23	83
\$50-99	11	10
\$100-199	16	4
\$200-299	9	1
\$300-399	13	1
\$400-499	9	*
\$500-749	11	1
\$750-999	2	*
\$1000 or more	6	*
	<hr/>	<hr/>
<i>Total</i>	100	100

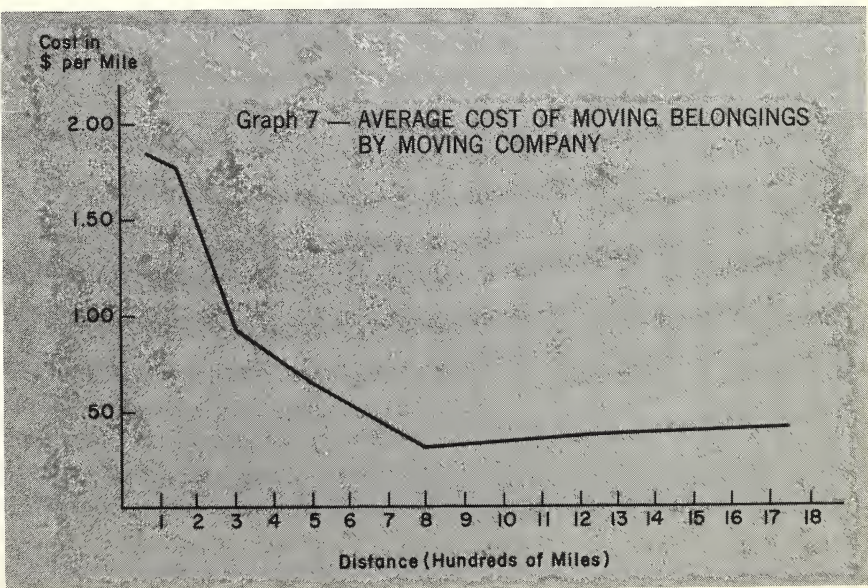
* Less than one-half of one percent.

For the group that moved on their own, the cost of moving their belongings was less than \$50 for 8 out of 10 moves. For the group that hired a moving company, the cost of moving their belongings was less than \$50 for only 2 out of 10 of the moves. Also, 6 percent of this group had costs of over \$1000 while not even one half of one percent of the group who did not use a moving company had costs that high. This relationship between the cost of moving belongings and the use of a moving company is also shown in Graph 6.

It would seem logical that, apart from any use of a moving company, as the distance moved increases so should the cost of moving belongings. However, even for the long moves it is still much cheaper to move yourself. As shown below for moves of 600 miles or more, 82 percent of those who moved themselves spent under \$50. By comparison only 20 percent of those who hired a moving company were able to spend so little moving their belongings.

Cost of Moving Belongings	Percent of Moves of 600 Miles or More	
	Used a Moving Company	Did not Use a Moving Company
Under \$50	20	82
\$50-99	4	9
\$100-199	7	*
\$200-299	9	2
\$300-399	2	*
\$400-499	10	*
\$500-749	17	7
\$750-999	6	*
\$1000 or more	25	*
	—	—
Total	100	100

* Less than one-half of one percent.



For those who do use a moving company, the cost depends on the distance. The average cost per mile for moves of different distances is summarized in Graph 7. Short moves cost much more per mile due to the fixed cost of packing and unpacking the moving van.

It is interesting to note that family income does not have much bearing on the amount spent on moving belongings, except at the two extremes of the income range. Families with incomes over \$10,000 are likely to spend more on transporting possessions than are families with incomes under \$2000. Even so, 51 percent of the former income group spend less than \$50 moving their possessions! The unemployment experience of the family head, whether help was received from friends or relatives, and family composition at the time of the move seem to have no particular effect on the cost of moving belongings.

Therefore, it appears that whether moving one's goods is cheap or expensive depends primarily on whether one has so few possessions to move or so much energy that he is willing to do most of the work himself and not entrust it to professional movers. If a moving company is hired the cost is a function of the quantity to be moved and the distance, with short moves more expensive per mile than longer moves.

THE COST OF MOVING PEOPLE

The average cost of moving people to their new home was \$65. (This estimate and the statistics which follow are based on data for the non-transfers.)

The distribution of cost of moving people is as follows:

<i>Cost of Moving People</i>	<i>Percent of Non-Transfers</i>
Under \$50	73
\$50-99	10
\$100-199	8
\$200-299	4
\$300-399	2
\$400-499	1
\$500-749	1
\$750-999	1
	—
<i>Total</i>	100

For three moves out of four (73 percent) the cost of moving people is less than \$50.

Just as the cost of moving belongings depends on whether a moving company is engaged, the cost of moving people depends on the method of transportation employed. Most moves are made by automobile, as the following tabulation and Graph 8 show:

<i>Mode of Transportation</i>	<i>Percent of Non-Transfers</i>
Auto	77
Someone else's auto	8
Air	5
Bus	5
Rail	3
Mixed modes	2
	—
<i>Total</i>	100

Per Cent
of Moves

100
90
80
70
60
50
40
30
20
10
0

Graph 8 — METHOD USED FOR MOVING PEOPLE:
NON-TRANSFERS ONLY

Own
Auto

Someone
Else's
Auto

Air

Bus

Rail

Mixed
Modes

Method of Moving People

Including moves in people's own cars plus moves in other people's cars, 85 percent of all moves are by automobile.

The cost of moving people by automobile depends on the distance. The typical cost which people report works out to about 8 to 9 cents per mile. Some report amounts which are higher, and some lower, as one might expect in view of the differences in cars and accommodations for travelers by automobile. People may also differ in whether they count such items as depreciation on the car in estimating the cost of the trip.

The cost of travel by common carrier depends, of course, on the number of people in the family as well as the distance and the rate structure of the carrier. On the average the cost of moving by common carrier is

higher than the cost of moving by automobile. For those who move by common carrier, of course, the cost depends on how many fares must be paid. The typical cost of moving people, if moves by all modes of travel (both common carrier and auto) are averaged together, is approximately 10¢ per mile.

All of these estimated costs per mile are based on estimates of airline distance made for each trip by use of a large map. Highway distances would be about 15 percent greater, and costs per highway mile correspondingly lower. Thus reported costs of automobile travel per highway mile would be about 7½¢ instead of 8½¢, and the average for all modes nearer 8½¢ than 10¢.

It is perhaps worth noting that the cost of moving people does *not* depend to any important extent on the age of the head of the family, nor does it depend on whether the head of the family was unemployed prior to the move or after the move. Even family income is not closely related to the cost of moving people except that high expenses for this purpose, say, over \$200, which are unusual at any income level, are rare indeed for people with low incomes. If the proportion of movers at each income level who spent over \$200 is tabulated, the results are as follows:

<i>Family Income</i>	<i>Percent Who Spent \$200 or More to Move People</i>
Under \$2000	2
\$2000-2999	4
\$3000-3999	7
\$4000-4999	8
\$5000-5999	15
\$6000-7499	8
\$7500-9999	9
\$10,000 and over	18

Thus, roughly 18 percent of movers with incomes over \$10,000 spent \$200 on moving their families, but only about 2 percent of those with incomes below \$2000 spent so much. (The exact level of these percentages is, of course, estimated only subject to sampling error.)

With a qualification for some relation between income and cost, one may say as a rough approximation that it costs about as much to move people from one group in the population as people from another group. The financial burden of a given outlay, however, will be much greater for some people than for others.

CONCLUSIONS

There are two problems of public policy toward geographic mobility on which data regarding the cost of moves have a bearing. The first problem concerns the economic value to society of mobility. In any calculus of the costs and gains of mobility, information on the direct cost of moving must play a part. The second set of problems arises only if mobility seems desirable. Given the objective of increasing mobility, what would be the usefulness of a policy of making it financially easy for people to move? Will such a policy work as a device to increase mobility? Is it likely to be an efficient instrument for the purpose?

On the issue of the economic value of mobility the results reported here cannot be conclusive in themselves. But they do point in one direction: the direct cost of mobility is usually small. An average cost of \$225 is not large absolutely. Also, it is not large relative to the income of the people who move. For about eight out of ten of those who move, the direct cost of the move is less than 10 percent of a year's income.

There are other indirect costs of moving which are not discussed here, such as the cost of selling a house. There may be social or psychological costs or gains, which also are not discussed here. It can be said, however, that a move which prevents as much as five weeks unemployment usually covers at least its direct costs. It covers its direct costs in the sense that the social value of the services consumed by moving is exceeded by the value of the goods or services created by the worker in five weeks on the job.

Many moves do not involve unemployment either before or after the move. Many are by people of a high level of education and skill. Are these moves economically justified? It is suggestive, at least, that many of the most expensive moves are paid for by employers. (There were only 22 moves in the sample where the employer paid the full cost of moving both people and goods, but for these moves the average cost was \$1050.) There is a presumption that when employers incur the expense of shifting their employees from one area to another they have considered the question of whether to spend their money and concluded that the move

does have economic advantages. A full consideration of the social value of mobility, however, would go far beyond the limits of this report.

On the question of whether the cost of moving is an important barrier to mobility, the data indicate a complex answer. Since so many moves are cheap, in many situations the cost of moving cannot be an important consideration. Nearly half of all moves actually made, exclusive of transfers, cost less than \$50. Not many people who can move at that price are likely to be prevented from doing so for financial reasons.

Some moves, however, are more expensive. The fact that few people make the expensive moves is not proof that the cost of moves is unimportant, nor, on the other hand, is it proof that cost prevents many moves. The expensive moves can be characterized: they are long distance moves, and moves by people in the middle and older part of the age distribution. It is the young single people and the newly married couples who can put everything they own in the back of the car and drive to a new home. A family with children which has had time to accumulate furniture and household goods cannot move so easily. (Moves by people in the upper income groups are also likely to be expensive, but there is less occasion to assist these people.) Other barriers to mobility are also likely to be high for people for whom the cost of moves is high. They are more likely to own a home, for example.

Older people of moderate means, then, are likely to find moving to a new home at a distance of several hundred miles a considerable financial burden. These people do not form a large fraction of all movers at the present time. To assess for this group the relative importance of the expense of moving and other factors related to the decision to move requires consideration of a range of topics not covered in this report. While the cost of the move itself may not prove to be the most important consideration, a policy of making it easier financially for these people to move should work in the direction of increasing their willingness to move to a different labor market.

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